



AIR LINE PILOTS ASSOCIATION, INTERNATIONAL

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VIA ELECTRONIC TRANSMISSION THROUGH

Federal eRulemaking Portal: <http://www.regulations.gov>

Office of Regulations and Interpretations
Employee Benefits Security Administration
Attn: Lifetime Income RFI
Room N-5655
U.S. Department of Labor
200 Constitution Avenue, NW
Washington, DC 20210

Re: RIN 1210-AB33

To the Office of Regulations and Interpretations:

I am writing to you with a few brief comments regarding the Request for Information (“RFI”) Regarding Lifetime Income Options for Participants and Beneficiaries in Retirement Plans released on February 2, 2010. This letter is sent on behalf of the Air Line Pilots Association International (“ALPA”), the principal union representing the nation’s commercial airline pilots. ALPA represents approximately 53,000 pilots at 38 airlines in the United States, most of who are participants in 401(k) employer-sponsored retirement plans.

ALPA is in support of the intent to establish and clarify regulatory rules and statutory requirements for the optional provision of lifetime for the disbursement of accrued and vested retirement benefits, through an annuity contract, guaranteed minimum income withdrawal agreement, or similar arrangement. For such types of optional offering (by plan sponsor decision) and voluntary participation (by plan participant decision) arrangements, we believe it is essential that participants and beneficiaries are provided with extensive, comprehensible and timely information concerning required and potential commitments, costs and benefits.

The RFI features thirty-nine specific questions allocated among eight categories. Instead of responding to each question, we are providing you with a few choice replies and comments. Our specific comments and concerns on the proposed regulations include:

- a.) Participant Demand: Most ALPA pilot 401(k) plans do not currently offer in-plan retirement income products or services. While we have not undertaken a survey to determine participant interest on this feature, our anecdotal observations are that a notable but minority percentage of participants do have an interest as long as it were to include: voluntary instead of mandatory participation; affordable and transparent costs; various enrollment (during contribution phase as well as at end

- of service) options; and with flexible (term certain, beneficial (joint lives), lifetime and inflation-adjusted) distribution choices.
- b.) **Portability and Continuity Concerns:** Retirement plans have complex administration, record keeping and custody processes and systems that are in place to assure the integrity, safekeeping and continuity of plan assets and participant account values. Various vendors contract with employers and plan oversight committees to provide this underlying infrastructure. Each vendor has a proprietary program that may limit its ability to accommodate certain investment program, such as retirement-income services. For myriad reasons, retirement plans often need to change vendors, which may result in discontinuity of some plan features. It is critical that any future laws or regulations regarding qualified retirement plan income solutions address if and how changes in plan status or plan vendor agreements will affect plan participants.
 - c.) **Participant Choice:** A one-size-fits-all retirement income solution would not be appropriate. Each plan participant has individual needs, motivations and circumstances that will influence his/her level of interest in a retirement-income solution. It is important that participants have discretion to decide when and to what extent to utilize this feature.
 - d.) **Costs:** A marketplace in which private enterprise competes to develop, deliver and service retirement income solutions should be the objective of any laws or regulations established regarding qualified retirement plan income features. This type of competitive marketplace will foster innovation and result in cost-effective solutions.
 - e.) **Information and Disclosures:** As the private sector provides retirement income solutions, it is vital that there are well-defined reporting requirements from retirement income service providers to plan sponsors and plan participants. These reporting requirements should identify features, benefits, costs and risks throughout (enrollment, pendency and termination) a participant's involvement in the program. Reporting and disclosure requirements should also address the method, means and timing of information release.
 - f.) **Fiduciary Requirements and Exposures:** Plan fiduciaries should be held to similar standards to those currently in place for the selection of qualified retirement plan service providers when choosing a retirement income solution. The establishment of safe-harbor selection and monitoring standards for Plan fiduciaries would help generate interest and resolve to consider retirement income solutions by Plan sponsors.
 - g.) **Protection of Benefits:** A major concern is what would happen to retirement income program participant benefits if the service provider and guarantor failed to complete distribution commitments due to fraud, default, bankruptcy and other major event risk scenarios. We encourage consideration in future legislation or regulations the establishment of a mechanism to help protect and hold harmless

participant accrued benefits as much as reasonably possible in these types of situations.

We trust that our comments will be given all due consideration. We look forward to your release of findings and deliberations on this matter. Thank you providing us the opportunity to comment and for your work on this important issue.

Very truly yours,

A handwritten signature in black ink that reads "Bryan Green". The signature is written in a cursive style with a large, looping initial "B" and a long, sweeping underline.

Capt. Bryan Green
Chair, ALPA National Retirement & Insurance Committee